

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA**

IN RE BANC OF CALIFORNIA
SECURITIES LITIGATION

Case No. 0:18-mc-00076-WMW-KMM

CASE NO. SACV 17-00118 AG (DFMx)
consolidated with
SACV 17-00138 AG (DFMx)
Pending in the Central District of California

**DECLARATION OF ANDREW R. GRAY IN SUPPORT OF STEVEN. A
SUGARMAN'S MOTION TO COMPEL PRODUCTION**

I, Andrew R. Gray, declare as follows:

1. I am an attorney at the law firm of Latham & Watkins LLP in California and serve as counsel for Defendant Steven Sugarman. I submit this declaration in support of Mr. Sugarman's Motion to Compel Production. I have personal knowledge of the facts set forth below and, if called as a witness in a court of law, could and would testify competently thereto.

2. On behalf of Mr. Sugarman, my law firm served two Subpoenas to Produce Documents on Castalian Partners Value Fund LP and James Gibson (collectively, "Respondents") on July 17, 2018. On August 7, 2018, counsel for Respondents served written objections to the Subpoenas on Mr. Sugarman.

3. On August 28, 2018, following several weeks of written correspondence between the parties, I attended a telephonic meet and confer with counsel for Respondents, during which I explained how the documents requested, which pertain to

Respondents' trading patterns, are relevant to the issues of materiality, class certification, and loss causation.

4. Respondents then engaged different counsel to respond to the Subpoenas. Counsel to Mr. Sugarman again set up a meet and confer call, where Respondents again challenged the relevance of the requested documents. Specifically, Respondents have maintained throughout meet-and-confers that the documents at issue would not be relevant to Mr. Sugarman's scienter or the falsity of the statements at issue. Respondents also argued that Mr. Sugarman should be able to demonstrate the lack of materiality and loss causation based on the statements in the Blog such that information from Respondents is not necessary. Mr. Sugarman again described in detail the relevance of Respondents' trading patterns to the issues of materiality, class certification, and loss causation. Respondents did not raise any objections beyond relevance and promised to notify Mr. Sugarman if there was any change in their position with respect to production.

5. Respondents have declined Mr. Sugarman's invitation to negotiate a narrower scope of review based on Respondents' understanding of where responsive information may exist.

6. Attached hereto as **Exhibit 1** is a true and correct copy of a Form D Notice of Exempt Offering of Securities filed with the United States Securities and Exchange Commission by Castalian Partners Value Fund, LP on April 12, 2016.

7. Attached hereto as **Exhibit 2** is a true and correct copy of an October 18, 2016 Seeking Alpha article entitled, "Banc: Extensive Ties to Notorious Fraudster Jason Galanis Make Shares Uninvestible."

8. Attached hereto as **Exhibit 3** is a true and correct copy of an October 18, 2016 Banc of California press release entitled, “Banc of California Update.”

9. Attached hereto as **Exhibit 4** is a true and correct copy of an October 18, 2016 Banc of California press release entitled, “Banc of California Reports Record Third Quarter Earnings.”

10. Attached hereto as **Exhibit 5** is a true and correct copy of the January 23, 2017 Banc of California press release entitled, “Banc of California Board Provides Update on Independent Investigation; Plans Improvements to Corporate Governance Policies.”

11. Attached hereto as **Exhibit 6** is a true and correct copy of a letter from the Financial Industry Regulatory Authority (“FINRA”) to counsel for Mr. Sugarman regarding a production of Large Options Position Report (LOPR) Data, Order Audit Trail System (OATS) data, and Consolidated Options Audit Trails Systems (COATS) data, as well as a Declaration from the FINRA custodian of records regarding the same, dated April 30, 2018. The underlying trading data, which exceeds 20,000 pages, has been withheld to avoid overburdening the Court, but is available upon the Court’s request. The LOPR data with information regarding Respondents’ put options was provided to Respondents as part of the meet-and-confer discussions and will be provided electronically to the Court.

12. Attached hereto as **Exhibit 7** is a true and correct copy of the Subpoena to Produce Documents, Information, or Objects or to Permit Inspection of Premises in a Civil Action served on Respondent Castalian Partners Value Fund LP on July 17, 2018.

13. Attached as **Exhibit 8** is a true and correct copy of the Subpoena to Produce Documents, Information, or Objects or to Permit Inspection of Premises in a Civil Action served on Respondent James Gibson on July 17, 2018.

14. Attached hereto as **Exhibit 9** is a true and correct copy of Respondents' Objections to Mr. Sugarman's July 17, 2018 Subpoenas to Produce Documents, Information, or Objects or to Permit Inspection of Premises in a Civil Action., sent to Mr. Sugarman's counsel on August 7, 2018.

15. Attached hereto as **Exhibit 10** is a true and correct copy of an August 15, 2018 letter from Rachel Rodriguez of Latham & Watkins LLP on behalf of Mr. Sugarman to Joel D. Van Nurden, counsel for Respondents.

16. Attached hereto as **Exhibit 11** is a true and correct copy of an August 31, 2018 email from Andrew R. Gray, counsel for Steven Sugarman, to Joel D. Van Nurden, counsel for James Gibson and Castalian Partners Value Fund LP.

17. Attached hereto as **Exhibit 12** is a true and correct copy of the Proof of Service showing service of the Subpoena to Produce Documents, Information, or Objects or to Permit Inspection of Premises in a Civil Action served on Respondent James Gibson on July 18, 2018 at 12:40 pm.

18. Attached hereto as **Exhibit 13** is a true and correct copy of a screen-capture of the <http://www.aureliusvalue.com/research/banc-extensive-ties-notorious-fraudster-jason-galanis-make-shares-un-investible/> webpage on September 28, 2018, displaying an excerpt of Aurelius Value's Terms of Service.

19. Attached hereto as **Exhibit 14** is a true and correct copy of the *http://d.muddywatersresearch.com/tou/* webpage on September 28, 2018, displaying Muddy Waters Research's Terms of Use.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated: September 28, 2018

/s/ Andrew R. Gray
Andrew R. Gray